

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY KHARTOUM

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E.O. 11652: N/A

TAGS: EFIN, SU

SUBJECT: EXIMBANK ARREARAGES

REF: (A) KHARTUM 3135; (B) KHARTOUM 3175

1. EXIMBANK APPRECIATES EMBASSY'S EFFORTS TO BRING ARREARS TO ATTENTION OF SUNDANESE GOVERNMENT. REGRET REFERENCE TO BANK OF KHARTOUM IN REF A, WHICH RESULTED FROM RECENT NAME CHANGE OF THAT BANK. EMBASSY HAS TAKEN APPROPRIATE STEPS. EXIMBANK RECEIVED PAYMENT OCTOBER 28 OF AMOUNT WHICH HAD BEEN DUE AUGUST 10 ON CREDIT NO. 4464 (SUDAN AIRWAYS). HOWEVER, PAYMENT STILL NOT RECEIVED AS OF NOVEMBER 9 OF \$57,503.58 IN INTEREST DUE AUGUST 5 ON CREDIT NO. 4780 (SATELLITE GROUND STATION). RECORD SHOWS ALL PAYMENTS ON THIS CREDIT HAVE BEEN LATE.

2. EXIMBANK REMAINS KEELY AWARE LONG-TERM POTENTIAL SUDAN PRESENTS FOR U.S. EXPORTS, AND WILL CONTINUE TO MAKE EFFORT TO FACILITATE CURRENT SALES. BANK IS CONSTRAINED, HOWEVER, BY NECESSITY FOR STATUTORY REQUIREMENT OF REASONABLE ASSURANCE OF RE-
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PAYMENT, AND BY SUDAN'S RECORD OF SLOW PAYMENT ON ITS DIRECT

CREDITS. ADDITIONAL EXPOSURE IN SUDAN INCREASINGLY DIFFICULT TO JUSTIFY IN LIGHT OF CHRONIC ARREARAGES. BANK HAD CONTINUED TO APPROVED SOME SAMLL SUPPLIER CREDIT TRANSACTIONS, ON WHICH RE-PAYMENT RECORD GOOD, UNTIL MOST RECENT ARREARAGES DEVELOPED, AND HOPE S TO RESUME PROCESSING OF SUCH APPLICATIONS AS SOON AS SITUATION IMPROVES.

4. EMBASSY SHOULD BE AWARE, HOWEVER, THAT DURING RECENT INTERAGENCY REVIEW OF SUDAN PRIOR TO PARIS MEETING OF SUDAN CONSULTATIVE GROUP WASHINGTON AGENCIES AGREED THAT DETERIORATION OF SUDANESE DEBT SERVICE RATIO ARGUES STRONGLY FOR CONCESSIONAL LENDING IN FUTURE, AND LIMITS AMOUNT OF NEW COMMERCIAL-TERM DEBT, INCLUDING EXIMBANK CREDITS, WHICH COUNTRY COULD SUPPORT. EXIMBANK CONTINUES TO SEEK THIRD COUNTRY GUARANTEES ON FINANCING FOR LARGE PROJECTS IN SUDAN. BANK FEELS THAT SUDAN'S DEPENDENCE ON FINANCING FROM ARAB AND OTHER AID SOURCES WARRANTS INSISTENCE ON SUCH GUARANTEES AS CONCRETE EVIDENCE OF REAL DONOR COMMITMENT TO SUDANESE DEVELOPMENT PROGRAM.

5. EXIMBANK APPRECIATES EMBASSY'S OFFER TO ASSIST IN BRINGING PAYMENTS COMING DUE TO ATTENTION OF SUDANESE AUTHORITIES. WE HAVE MADE NECESSARY REVISIONS IN EXIMBANK'S COMPUTER BILLING SYSTEM TO GENERATE A COPY FOR EMBASSY OF EACH BILLING NOTICE ON DIRECT CREDITS IN SUDAN, AND HOPE THAT THIS PROCEDURE WILL FACILITATE EMBASSY'S EFFORTS TO INSURE TIMELY PAYMENTS IN FUTURE. KISSINGER

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